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SUBJECT: PUNJAB WORRIED ABOUT DRUGS AND JOBS, NOT TERRORISM

1. (SBU) Summary: In response to media reports warning of a resurgence in Khalistani terrorism in Punjab and northern India, Poloff traveled to Chandigarh August 4-5 to interview government, business, police, civil society and political leaders. They were uniformly unperturbed by reports of militant arrests, attributing New Delhi's May 22 cinema bombings to a few bad apples who will appear from time to time. However, all highlighted increasing drug use, cross-border drug smuggling, and poor job prospects for uneducated rural Sikhs as imminent concerns for stability and law-and-order in Punjab. The business community is optimistic that smart policies will promote healthy economic growth in Punjab's traditionally dominant agricultural sector and newer high-tech sectors. While the bad apples may continue to stir up trouble, Punjabis do not anticipate a return to the violence of the 1980s, and are hopeful that economic growth and reforms will usher in a return to the pre-militancy golden days of prosperity. End summary.

Police and Government: It's Under Control

2. (SBU) While acknowledging that the recent Babbar Khalsa International (BKI)-linked arrests indicated a serious effort to cause mayhem, Punjab Home Secretary AK Dubey dismissed Khalistani terrorism as a serious concern. In an open system like India's, it is impossible to "stamp out" all "isolated incidents" like this, he said. Assistant Director General of Police (Crime) Anil Kaushik told us that while a few "bad apples" like arrested terrorist Jagtar Singh Hawara could always appear, the Khalistan movement does not have sufficient manpower to destabilize Punjab as it once did. However, he cautioned, if for other reasons (such as widespread unemployment or poverty-based resentment) popular discontent grows significantly, Khalistani activists will find greater success in recruiting militants.

3. (SBU) Kaushik noted that the remaining Khalistan terrorists had changed character, aiming now at targeted assassinations instead of random terror-inducing attacks. The few hard-core adherents are getting "more dangerous in doctrine," he said, and possibly still maintain a few underground cells. Nonetheless, the motivation has faded for recruits, as the Khalistan ideal has little support in contemporary Punjab society.

Punjab Prefers Peace, Terrorist Support Comes from Abroad

4. (SBU) HK Dua, editor of the Tribune newspaper, agreed that the Khalistani agenda is dead, pointing out that the public realizes Punjab's economy has become so integrated into India's that a separate Khalistan is impossible. Additionally, there is no irritant in Sikh-Hindu relationships for militants to exploit. (Note: The August 8 release of an investigative report into government complicity in the 1984 anti-Sikh riots stirred up old grievances, but our interlocutors do not believe that it will be enough to reignite the separatist movements. The PM's August 11 apology for government inaction has soothed anger over the riots (septel). End Note) While BKI may try to raise its head, the public favors nipping that movement in the bud, he stated. Punjab has learned its lessons from eight years of strife, and has no desire to repeat it.

5. (SBU) Herkewaljit Singh, editor of the Daily Ajit, agreed that the Sikh population in Punjab is almost uniformly opposed to Khalistani terrorism, and argued that BKI is now a Europe-based organization, although Pakistan permits BKI leaders to operate without interference as well. Akali Dal leader Kawaljit Singh pointed out that organizing terrorism in Punjab is very low cost. This enables a few committed supporters both within Punjab and abroad to maintain some level of activity despite a lack of popular support. The fact that accused cinema bomber Hawara could reconstitute a network of bombers within 18 months of his escape from prison shows that the ground is conducive for recruitment of at least a small number of discontented Punjabis. Hawara's bombings and arrest were a "wake-up call" for the police to remain vigilant, he said.

Pakistan Nexus?

16. (SBU) Our interlocutors disagreed on the source of weapons and explosives reportedly seized from suspected terrorists. Kaushik, Kawaljit Singh, and Dua argued that smugglers along the Punjab border with Pakistan, routes through Kashmir, and longer passages via Nepal had brought the weapons and RDX from Pakistan. However, journalist Herkewaljit Singh and human rights activists in Chandigarh accused the Punjab Police of planting RDX during arrests to frame suspected militants, and noted that the police have no accounting system to track weapons and explosives seized for evidence, allowing them to plant the same explosives several times.

17. (SBU) Herkewaljit Singh and several human rights activists also accused the police of engaging in a race for arrests in order to boost their chances for promotions. Many of those arrested have been casual contacts of other accused, with no known involvement in terrorism. Kawaljit Singh complained that Punjab Police like to arrest "105 people to catch 5," giving them a chance to extort money from the innocent before releasing them.

Discontent Stems from Rural Economic Frustration

17. (SBU) Kawaljit Singh argued that the ease of recruiting followers to play small roles in cinema bomber Hawara's network highlights the problems posed by unemployment and poor job prospects for rural young Punjabis. Fixing the economy would take a decade, he said, but nonetheless, "I don't see a terrorist movement erupting overnight," and any disgruntled youth that "fall toward militancy" could be stopped by vigilant policing. Human rights activist Inderjit Jaiji of the Movement Against State Oppression warned that economic discontent among young Punjabis indicated that any future violence in Punjab would not be Khalistan-oriented, but "a naxalite (peasant) uprising aligned with Khalistani militants."

18. (SBU) Home Secretary Dubey admitted that apprehension over future tension was well-placed, as job generation is a primary concern for the Punjab government. Since agriculture remains Punjab's most important economic sector, Dubey hoped to see more crop diversification, growth in the food processing industry, and more efficient marketing mechanisms as a way to increase employment and revenues for farmers in the state. The service sector, including information technology and biotech, is also "looking up very fast," he said, particularly in areas surrounding Chandigarh, which is hoping to emerge as a northern Bangalore. However, rural areas have not benefited from this service sector growth.

19. (SBU) Surinder Singla, the Punjab Finance Minister, told us of the need for economic reforms to generate jobs. Claiming that Punjab actually has high job generation, he stated that many young Punjabis will not take low-productivity positions, leaving them for migrant workers from Bihar and Uttar Pradesh, while they hope instead for a stable government job. He argued that the Punjab government is bloated, and jobs would be created faster by trimming government sector spending and employment and adopting policies (such as infrastructure improvements) to encourage growth in high-productivity service sector employment. He also endorsed plans for crop diversification, including investment and credit from large businesses in contractual agreements with small farmers, and creation of a value-added food processing industry in Punjab as a solution to agricultural sector malaise.

Drugs Bigger Problem than Terrorism

10. (SBU) Home Secretary Dubey, ADGP Kaushik and other leaders all identified increasing drug use as their number one concern for law and order in Punjab. While Kaushik stated that the illegal drug situation was only "gradually deteriorating," Dubey characterized the increase in drug use as an exponential explosion akin to HIV infection rates.

11. (SBU) According to HS Hanspal, ex-President of the Punjab State Congress Committee, drug use has grown as part of what he termed a Pakistan-supported destabilization effort, and the abuse problem is worst along the Pakistan border. However, while Dubey agreed that cross border drug smuggling is largely responsible for the growth in drug use, Kaushik pointed out that the abuse problem includes diversion of opiates for legitimate pharmaceutical use, and abuse of prescription medications. As of yet, Kaushik said, drug smuggling has not been associated with increases in other crime.

Comment: Terrorism Concerns Overblown

12. (SBU) Some of our interlocutors have suggested that Pakistan may be trying to stoke a new phase of insurgency in

the Punjab, seeking higher returns for its actions than in jaded Jammu & Kashmir. However, as in J&K, the population has seen enough of the impact of terrorism and the resultant state reaction, and appears to have no taste for renewed militancy. Although the Punjab police still have a reputation for overreaction and harsh tactics, fears of human rights abuses and repressive policing no longer stir the public to anger against the state. The efforts of outside agitators, whether based in Pakistan or Europe, to stir up rebellion in Punjab are likely to fall flat.

13. (SBU) Local leaders in Punjab present a generally optimistic outlook for their state, in spite of their concerns for employment and economic growth. As a result of the turmoil of the 1980s and 1990s, Punjabis have seen their state's per capita income, once the highest in India, fall relative to the new hot spots of Indian economic growth, and are now redoubling their efforts to regain their top place. The efforts of Punjab leaders to position Chandigarh and surrounding areas as a center for hi-tech companies have been somewhat successful in attracting high-profile corporations, and the agreement of leaders of both main Punjab parties on the need for economic and agricultural reforms suggests that their optimism may bear fruit.

BLAKE